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TAGS: [ETTC](#) [KOMC](#) [JA](#)
SUBJECT: JAPANESE AUTHORITIES MAKE ARRESTS IN HORKOS
INVESTIGATION

Classified By: EMIN ROBERT F. CEKUTA FOR REASONS 1.4(b), (d)

¶1. (C) On March 4 the Tokyo Public Safety Bureau and Hiroshima prefectural police arrested four senior officials of Horkos Corporation, a Hiroshima machine tools maker, for illegally exporting high-precision equipment to South Korea and China without an export license. Japanese authorities initially raided the firm in July 2008. Although press reports have raised the possibility that some of the machinery may have been re-exported to North Korea, METI Office of International Affairs Export Control Office Director Takao Shishikura told the Embassy the GOJ understands all of the illegally exported units had been accounted for.

¶2. (C) The high-precision machining centers in question are typically used to manufacture auto parts, but the machines are also listed items controlled under Japan's Foreign Exchange and Foreign Trade Control Law because of their potential dual-use in the manufacture of centrifuges for uranium enrichment. Under the law, firms must obtain an export license for machine tools with metal milling or boring accuracy lower than 6 millimeters. The firm reportedly understated the precision of the machinery to evade export license requirements when it shipped 16 units to Korea and China between 2004 and 2006. Citing ongoing law enforcement investigations, Shishikura declined to comment on the March 4 Mainichi article that reported Horkos exported as many as 1018 units to 16 countries since 1985.

¶3. (U) The arrestees reportedly include former Horkos deputy chief of overseas marketing Masahiko Aoyama (51) and section employee Keisuke Mino (32). According to its website, the firm, located at 2-24-20 Kusado-cho, Fukuyama City, Hiroshima Prefecture, employs 665 people and reported annual sales of 12.9 billion yen in the year ending September 30, 2008.
ZUMWALT